



BUDGET

Fiscal Year 2016-2017

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CITY OF CARSON ELECTED OFFICIALS



Albert Robles
Mayor



Lula Davis-Holmes
Mayor Pro Tem



Elito M. Santarina
Councilmember



Jawane Hilton
Councilmember



Cedric L. Hicks, Sr.
Councilmember



Donesia L. Gause
City Clerk



Monica Cooper
City Treasurer

CITY MANAGEMENT

Kenneth C. Farfsing
City Manager

Cecil W. Rhambo, Jr.
Assistant City Manager

Kathryn Downs
Director of Finance

Ralph Aranda
Interim Director of Community Services

John S. Raymond
Director of Community Development

Dr. Maria Williams-Slaughter
Director of Public Works

Gail A. Dixon-McMahon
Director of Human Resources & Risk Management

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City of Carson

Position Statement

Carson is a vibrant city with a small town atmosphere where relationships are important. This is clearly visible throughout the community, from the stable single family neighborhoods, which make up nearly eighty percent of the City's residences, to the partnerships between businesses and volunteer-driven agencies, which strengthen the City's remarkable social fabric.

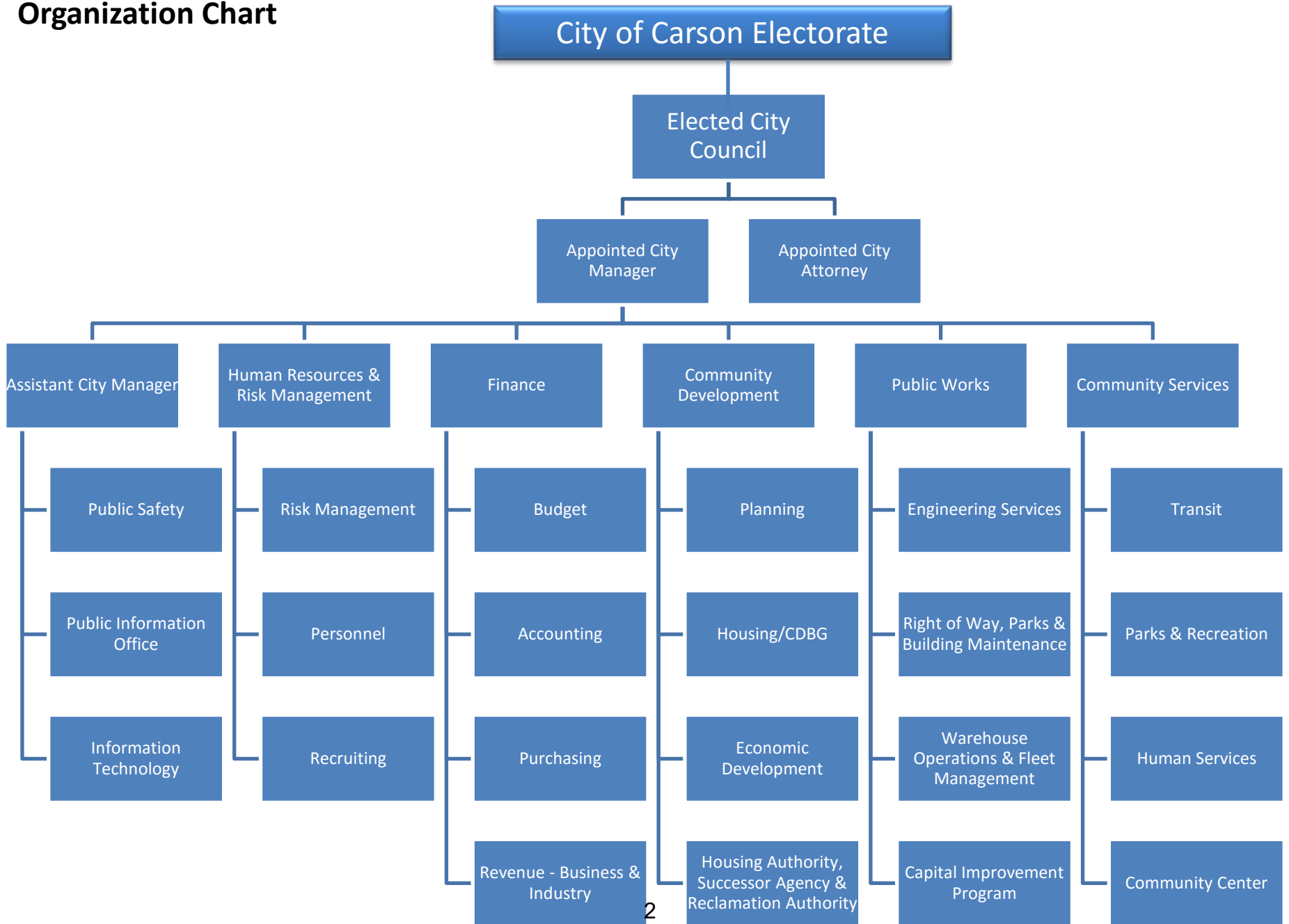
The social composition of Carson is California miniature. It is a city with a balanced ethnic and cultural mix living together in harmony and prosperity.

The community takes pride in the large percentage of Carson students who attend college, many to California State University, Dominguez Hills, a valuable asset to the City.

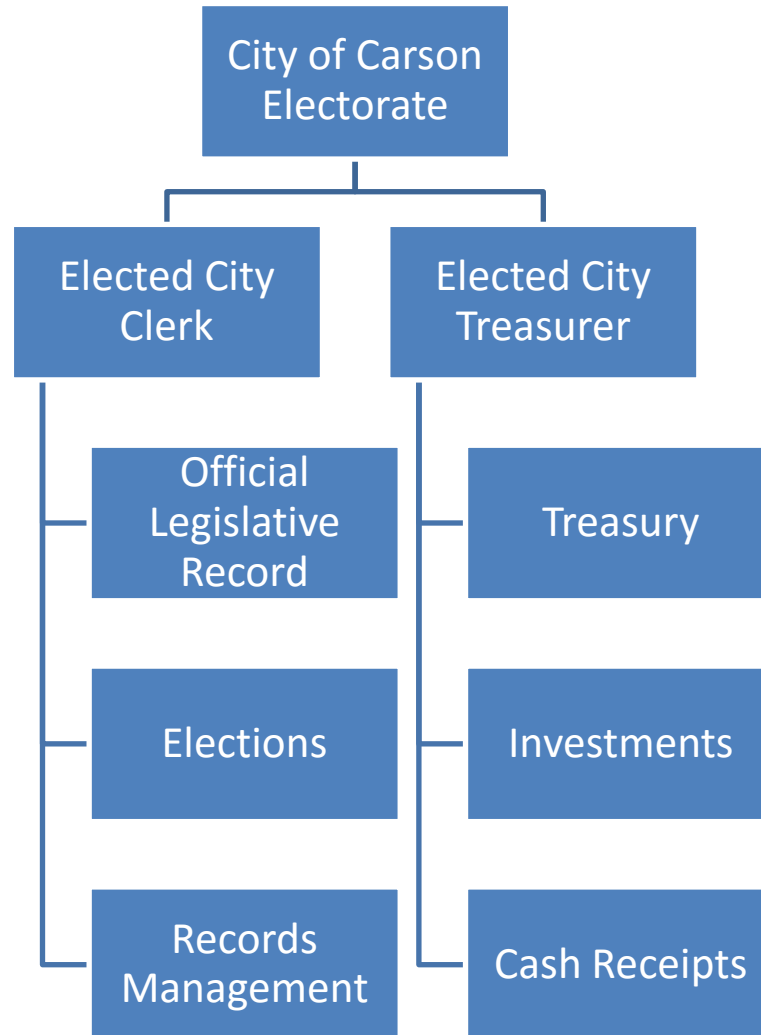
Carson's strategic position in the heart of the powerful economic engine that is Southern California attracts international corporations, which recognize the City's bright future. The City's proximity to the West Coast's two major ports, as well as its intersection by four Southland freeways, makes it a major gateway to the Pacific Rim.

We, the people who live and work in Carson, take pride in our City and will continue to build relationships which ensure that future.

Organization Chart



Organization Chart (continued)



CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

Overview of the City

The City of Carson is located in the South Bay area of Los Angeles County, California. Carson's proximity to the Port of Los Angeles and several major freeways makes the City an ideal location for residents, business, and industry. The City provides public safety, land use management, parks & recreation, transit, right-of-way infrastructure maintenance, and human services to its culturally diverse population of 93,000. Residents are also served by the Los Angeles County Fire Department, Los Angeles County Public Library, and the Los Angeles Unified School District. Utility services are provided by public utility companies with franchise agreements granted by the City.

Carson's footprint is 19.2 square miles, and includes 123 acres of City parks with robust recreation and human services programs. The City's Community Center is located 10 minutes from Los Angeles World Airports, and provides 40,000 square feet of flexible meeting space for local and regional groups. Significant landmarks include California State University Dominguez Hills and the Stub Hub Center 27,000-seat soccer stadium.

Carson was incorporated as a General Law City in 1968, and operates under the Council-Manager form of government. The City Council is the legislative and policy making body, with the Mayor and four Council Members elected on a non-partisan basis. The City Clerk and City Treasurer are also elected by the City's voters. The City Council appoints the City Attorney and the City Manager. The City Manager is responsible for carrying out City Council policy, overseeing the day-to-day operations of the City, and appointing the Department Directors.

The City's Budget

The budget is a spending plan to implement and support the City Council's goals and policies. Staff estimates available revenue streams, and prepares expenditure recommendations. The City Council conducted three public workshops on April 4th, May 16th, and June 13th. The City's FY16-17 budget was adopted on June 21, 2016, at the conclusion of a public hearing.

Adopted Fiscal Year 2016-17 Budget

	General Fund	Other Funds	Citywide	Component Units
Beginning Balances	\$ 24,399,914	\$ 20,822,943	\$ 45,222,857	\$ 107,670,488
Revenue	74,572,223	25,985,083	100,557,306	26,404,385
Expenditures	(76,219,758)	(27,076,692)	(103,296,450)	(50,592,653)
Net Interfund Transfers	(130,814)	130,814	-	-
Ending Balances	\$ 22,621,565	\$ 19,862,148	\$ 42,483,713	\$ 83,482,220

Component units include the Successor Agency to the dissolved redevelopment agency, the Housing Authority, and the Reclamation Authority. Balances of the Component Units are primarily bond proceeds dedicated to certain projects; including the Carson Street Master Plan, and remediation of a former landfill on a 157-acre site that will likely be developed in the next 5-10 years.

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

Fiscal Year 2016-17 (FY16-17) General Fund Highlights

The General Fund is the primary operating budget of the City; and for FY16-17, accounts for 74% of estimated City-wide revenue. Unrestricted revenues to be used for any City expenditure are deposited into the General Fund. Restricted revenues are deposited into other funds of the City. The adopted FY16-17 General Fund budget preserves the level of service to the community; however, revenue losses and expenditure increases discussed below have led to deficit net activity.

Revenue	\$ 74,572,223
Expenditures	(76,219,758)
Transfers from other funds	20,301
Transfers to other funds	(151,115)
Net Activity	\$ (1,778,349)

The net deficit is equivalent to 2.4% of the General Fund budget. Even though there is an expected deficit, the General Fund balance exceeds the City Council's policy Reserve for Economic Uncertainties; set at 20% of General Fund expenditures or \$15.2 million.

Estimated General Fund Balance, beginning	\$ 24,399,914
Net Activity	(1,778,349)
Estimated General Fund Balance, ending	\$ 22,621,565

Revenue decreases are expected for primary revenue sources, including sales tax, franchise tax, and utility user tax. The decreases are driven by fluctuations in auto sales activity, a decrease in the price of natural gas, and the proliferation of solar energy installations.

On June 7, 2016, the City's voters approved an extension of the 2% utility user tax on natural gas and electric utility service. The tax was originally approved in 2009 for an initial seven-year period; and the recent approval will provide another seven years of revenue to the City. Utility user tax revenue reached a high of \$9.3 million in FY13-14. However, for FY16-17, the revenue is expected to be closer to \$7 million for reasons noted above.

Other revenue losses include the expiration of an agreement with the Stub Hub Center that previously generated \$0.3 million of revenue.

As part of redevelopment dissolution, residual property tax is distributed to taxing entities after obligations of the dissolved redevelopment agency are paid. As those obligations increased in FY15-16, the residual distribution to the City is expected to decrease by \$0.5 million.

Staff re-calculated the City's cost of providing specific services such as planning permits and recreation classes, and recommended various cost-based fee increases. Those fee increases

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

will become effective August 19th, and are expected to contribute an additional \$1.1 million to General Fund revenue.

The City's single largest expenditure is the Los Angeles County Sheriff contract for police services. Rate increases are driving a \$1.3 million cost increase for the City, which has been partially offset by \$0.5 million of savings due to Sheriff staffing re-allocations. The net result is a 5.5% increase in cost.

Employee pensions are provided through a contract with the California Public Employees Retirement System (CalPERS). Over the last couple years, CalPERS has taken steps to strengthen the pension system after suffering significant investment losses during the great recession. As a result, the City's contribution to the system is expected to increase by \$0.4 million in FY16-17. In addition, the City's workforce is aging, and recent retirements are driving up the cost of retiree health insurance by an estimated \$0.3 million. The City will use \$0.9 million of its Section 115 Trust to pay about half of the \$1.9 million retiree health insurance bill for FY16-17.

No cost of living increases have been included in the FY16-17 budget for the City's employees. Cost savings from vacant employee positions that will not be filled by July 1st have been factored into the budget. Some vacant employee positions will remain subject to a hiring freeze during FY16-17.

State requirements for water quality standards will continue to increase the City's cost of compliance. Although the FY16-17 budget includes an additional \$0.2 million for these costs, compliance is not fully funded.

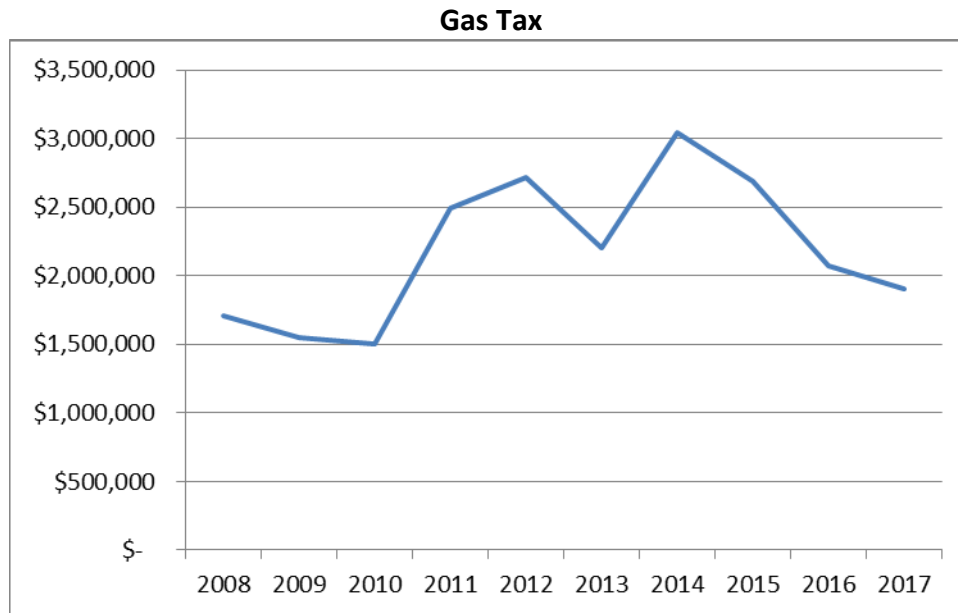
Other immaterial expenditure increases will be offset with cuts that were made during the budget process; including reduction of Cultural Arts grant funding and City Council discretionary spending.

Other Fund Highlights

Other funds account for the City's restricted revenues, including: state highway users tax (gas tax), other transportation taxes allocated to the City, and grant monies.

Gas tax is used to maintain the City's right-of-way; including street sweeping, tree-trimming, traffic signal maintenance, and a small amount of slurry seal (a thin coat of street re-surface). The City's allocation from the state has decreased from \$3.1 million in FY13-14 to an expected \$1.9 million in FY16-17. Gas tax is subject to an allocation formula that has shifted money away from cities over the last several years. An increase in the number of electric vehicles has also chipped away at the funding source. There are several proposals being discussed at the state level which could lead to increased revenue in the future. In the meantime, gas tax is expected to remain level at best, and may continue to decrease.

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17



The City also receives allocations of county transportation taxes totaling about \$4.2 million. Based on information provided by Metro, the City expects a modest 2% increase for FY16-17. Approximately \$3 million of the City's allocation is used for public transportation; and the remainder is used for roadway projects to improve public transportation (Avalon and Carson interchanges at Interstate-405 in FY16-17). These funding sources are not sufficient for the City's ongoing infrastructure maintenance needs, as more fully described in the Capital Improvement Program section of this budget document.

The City is expected to receive a total of \$2.1 million of Community Development Block Grant (CDBG) funding for FY16-17 (\$0.7 million FY16-17 allocation, plus \$1.4 million of unused allocations from prior years). The restricted revenue will be used to rehabilitate qualified applicants' single family homes, a rehabilitation project in the Scottsdale neighborhood of the City, and a small allocation for improvements to comply with the Americans with Disabilities Act (ADA). City Council has directed the City to accept no additional applications for single-family home rehabilitation through the program during FY16-17. Expenditures from the FY16-17 budget will be related to existing applications only. Carson will also receive \$2 million of federal grant money to improve bike lanes throughout the City.

Carson was able to secure \$13 million of funding from Caltrans for the Carson Storm Water Capture Facility at Carriage Crest Park, as outlined in the Dominguez Channel Enhanced Watershed Management Plan. The Regional Board is encouraging cities to consider the capture and possible reuse of storm water as a way to deal with surface water quality issues, as well as to provide new supplies of reclaimed water for irrigation and to enhance ground water supplies. This funding does not require any local matching funds and all expenses incurred by the City will be reimbursed by Caltrans.

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

Capital Assets

The Capital Improvement Program to address rehabilitation of infrastructure including streets, sidewalks, and public facilities is severely underfunded. The City has \$355 million of depreciable infrastructure assets on the books at historical cost. Using a simple methodology that assumes infrastructure lasts roughly 30 years and current-day costs of construction, the City should be systematically repairing its infrastructure at the rate of about \$20 million annually. This only includes rehabilitation of existing infrastructure, not improvements or enhancements. For example, the \$13 million Caltrans funding noted above will add new infrastructure, not rehabilitate existing infrastructure.

The City's FY16-17 Capital Improvement funding totals \$17.1 million as outlined below. Of that amount \$15 million is for new infrastructure (Carriage Crest storm water and Bike Lanes).

Fund	Fund Name	Project No.	Project Name	Amount
12	Gas Tax	1413-1	Annual Slurry Seal Maintenance	\$ 300,000
15	CDBG	1520-1	ADA Improvements	150,000
16	Park Development	1525	Scott Park Pool	300,000
17	Bicycle Pathway TDA Article 3	1411-1	Concrete Replacement Pgm	50,000
18	Proposition A	1505-1	Upgrade Street Signs	30,000
19	Proposition C	1393-1	Annual Pavement Overlay	90,000
20	Federal Highway Planning	1451	Bike Lanes Phase I	1,041,033
20	Federal Highway Planning	1452	Bike Lanes Phase II	938,300
22	LA County Park District	1405	Dominguez Park Restrooms	110,000
38	Capital Asset Replacement	1524	Corporate Yard Generator	75,000
54	Measure R	1492	Carson/405 Freeway Interchange	500,000
54	Measure R	1493	Avalon/405 Freeway Interchange	500,000
86	CIP Grant Funds - State	1515	Carriage Crest Park Storm Water	13,000,000
Total				\$ 17,084,333

The FY15-16 Capital Improvement budget is \$43.2 million. Of this amount, Staff expects to request continuing appropriations for approximately \$22.5 million; which will be added to FY16-17 funding of \$17.1 million for a total program of \$39.6 million. None of the Capital Improvement Program is funded by the General Fund.

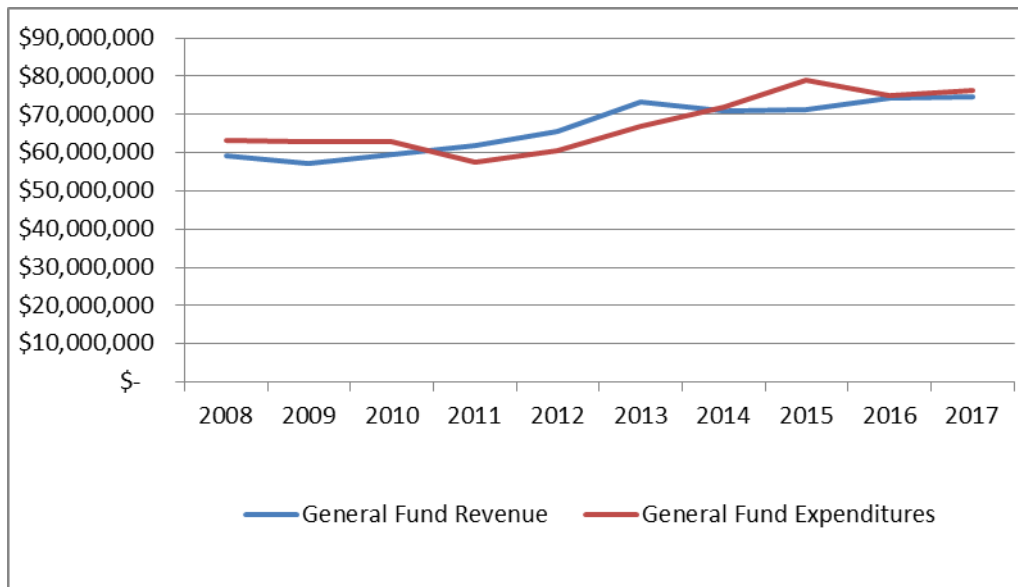
The City also has \$14.5 million of machinery and equipment on the books at historical cost. Accumulated depreciation of \$12.1 million indicates that much of the equipment is beyond its useful life. The City currently has no ongoing funding mechanism to replace equipment. The FY16-17 budget includes the following capital equipment purchases.

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

		Air Quality Fund (\$150,000) and General Fund (\$200,000) from
PB Loader Truck	\$ 350,000	unspent Public Works appropriations carried over to FY16-17
Clean-Air Vehicles (3)	\$ 57,975	Air Quality Fund
EOC Communications Back-Up	\$ 30,000	General Fund
Corporate Yard Generator	\$ 50,000	Capital Asset Replacement Fund

Economic Analysis

The City has faced structural General Fund deficits for 7 of the last 10 years. Local recovery from the great recession has been slow. Property tax growth has not kept pace with surrounding cities. The City lost its primary funding source for infrastructure repair and maintenance when the state dissolved redevelopment agencies in 2011. Each year the City faces difficult budget decisions. To bring the General Fund budget back into balance, the City Council will need to consider new ongoing revenue sources and the level of service provided to the community.

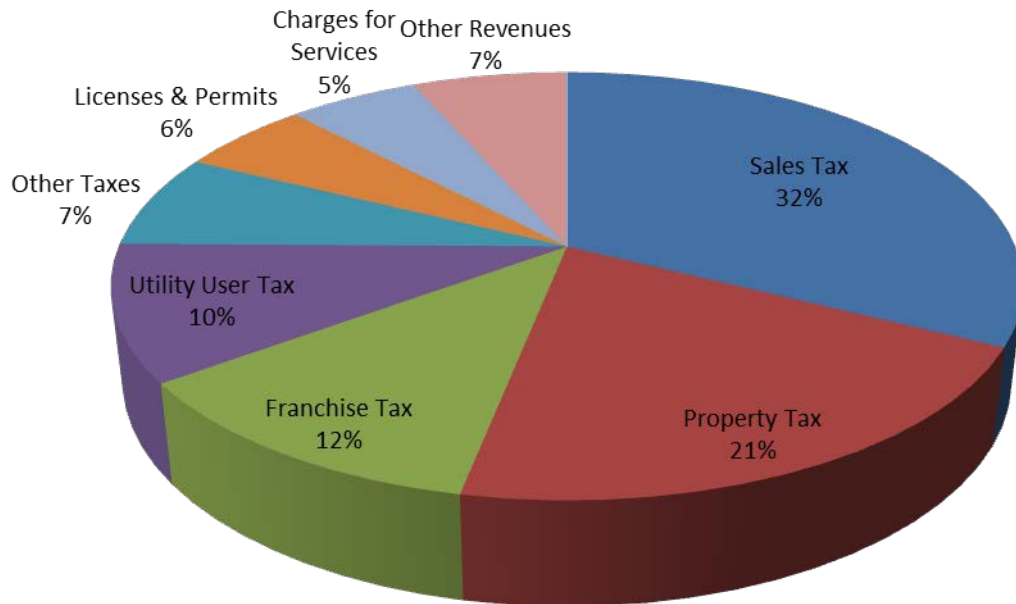


Revenue

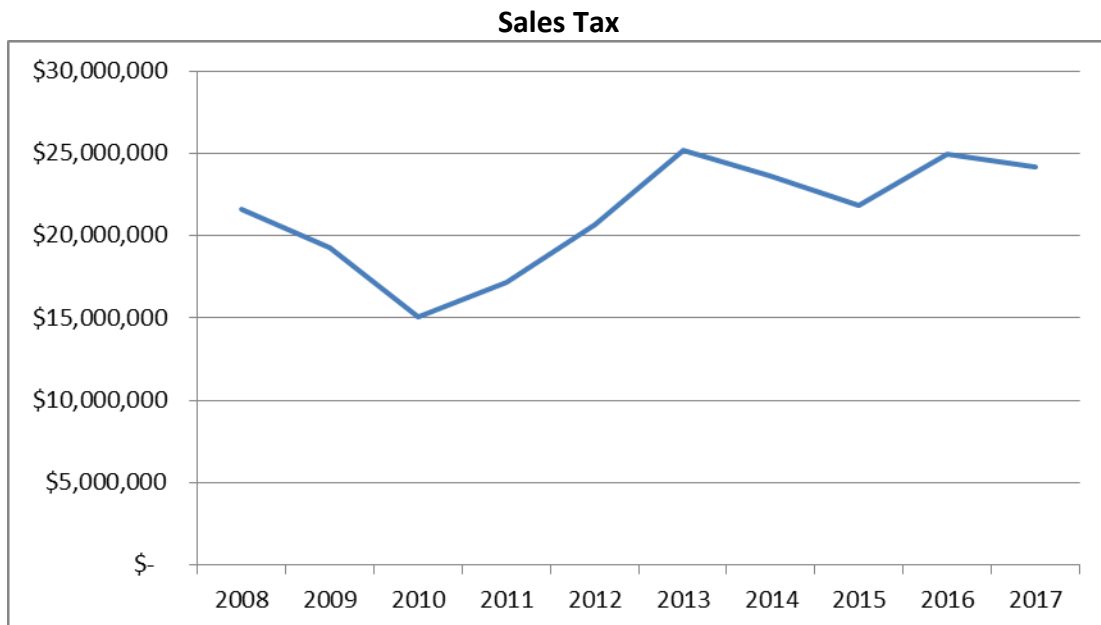
General Fund revenue is nicely diversified, as illustrated below.

Sales Tax	\$ 24,162,070
Property Tax	15,458,551
Franchise Tax	8,798,237
Utility User Tax	7,670,000
Other Taxes	5,290,000
Licenses & Permits	4,165,500
Charges for Services	4,114,580
Other Revenues	4,913,285
General Fund Revenue	\$ 74,572,223

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17



The City's primary revenue is sales tax, which fluctuates with the economy. Based upon information provided by the City's sales tax consultant, Staff expects a \$0.8 million decrease in FY16-17 primarily due to an expected decrease in auto sales after years of robust growth. Over the last 10 years, the overall sales tax increase has been 11.8%, an average of 1.3% per year.

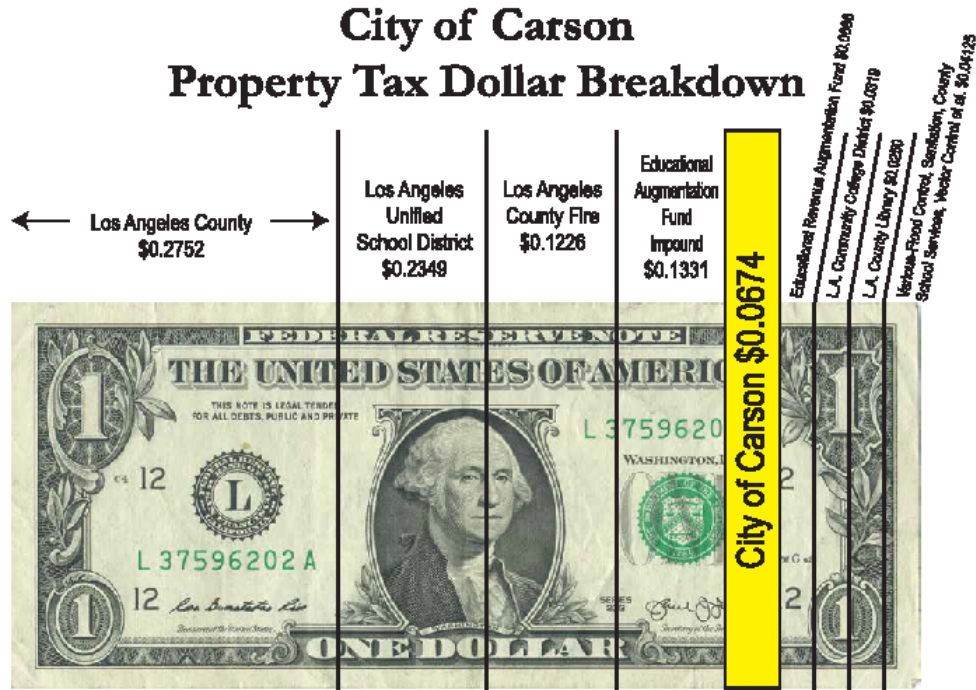


Only one major development is expected to generate additional sales tax revenue over the next five years. A factory outlet mall is being planned for a portion of a former landfill site on 157 acres; which could begin to produce sales tax by 2020. Nevertheless, this revenue source is highly impacted by the economy, and the state government is predicting California will suffer

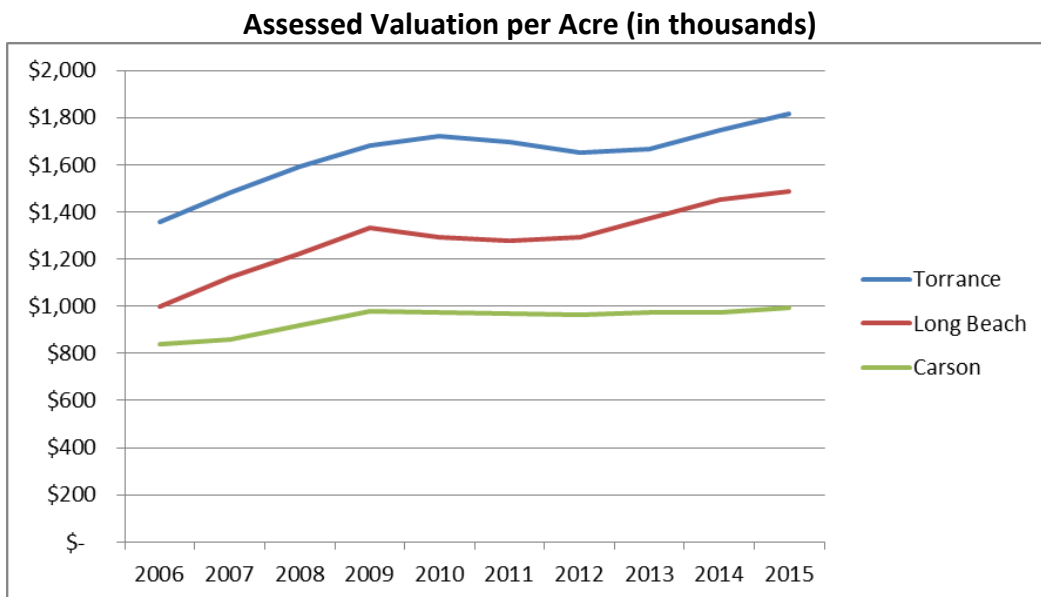
CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

another recession in the next few years; which could impact the development prospects for the site.

The second largest source of General Fund revenue is property tax. Carson was incorporated in 1968 as a no-low property tax city, and receives less than 7% of the statutory property tax allocation. The county and educational institutions receive the majority of property tax allocation.



Carson’s assessed valuation of real property has not kept pace with surrounding communities over the last 10 years. The chart shown below compares assessed values to Torrance and Long Beach.

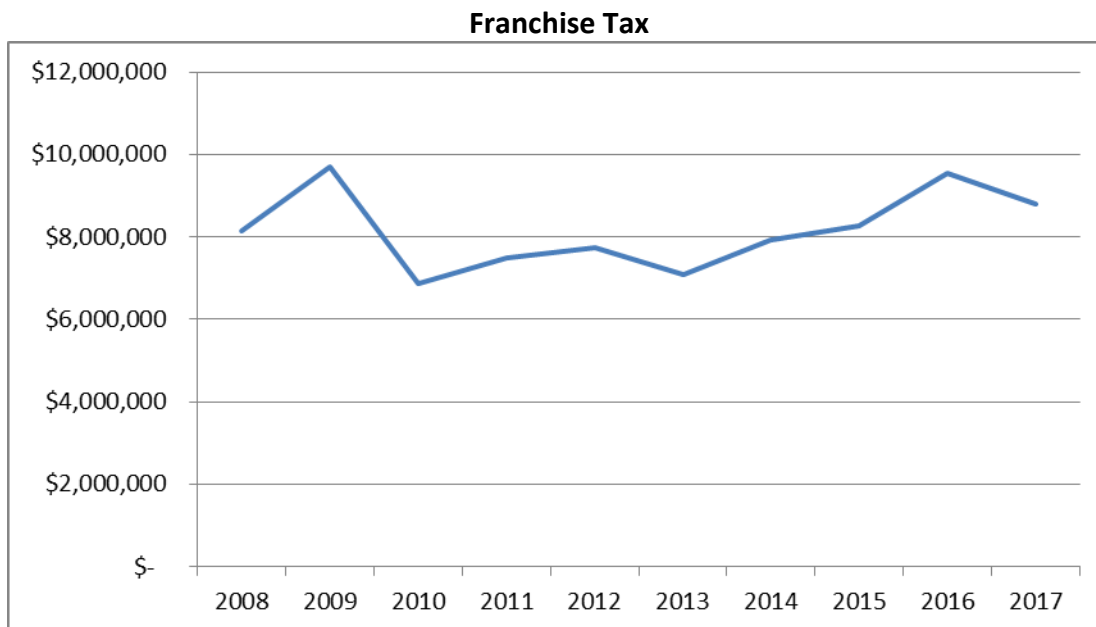


CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

When real property is sold, it is reassessed, usually resulting in an increase of revenue to the City. Based on sales data for the first 9 months of FY15-16, Staff expects property tax revenue will increase by 4.1% for FY16-17.

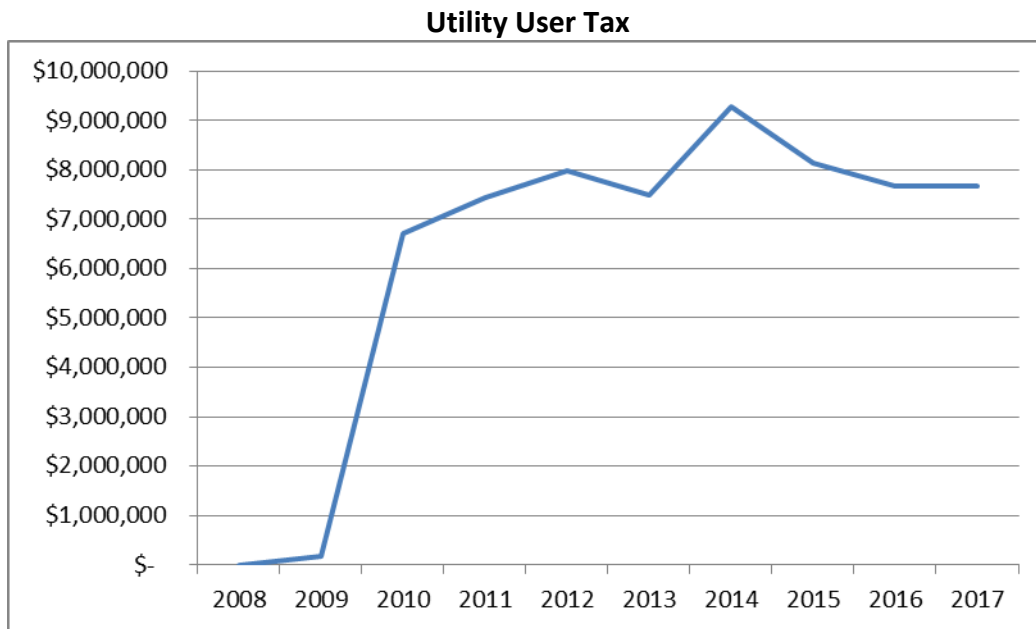


Franchise tax is collected from utilities and pipelines operating in the City's right-of-way, and accounts for about 12% of General Fund revenue. The expected decrease for FY16-17 is directly related to a 35% decrease in the price of natural gas. Natural gas and electric utilities generate 59% of the tax; which is therefore significantly impacted by price and usage fluctuations.



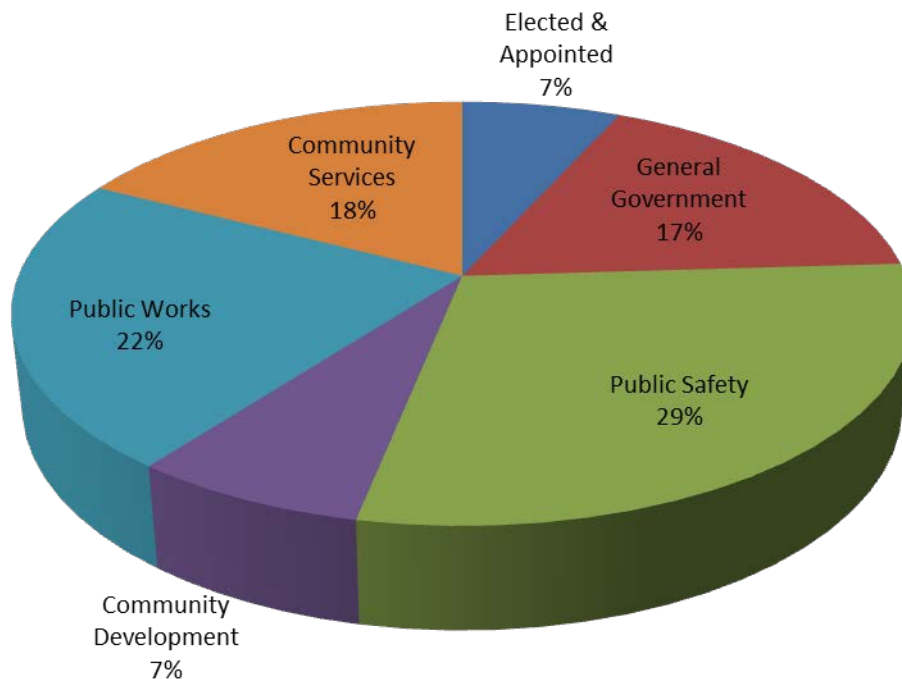
CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

As noted previously, the City's voters originally approved the utility user tax in 2009. The tax now accounts for about 10% of General Fund revenue. Decreases from a high in 2014 are related to the price of natural gas and the proliferation of solar installations.



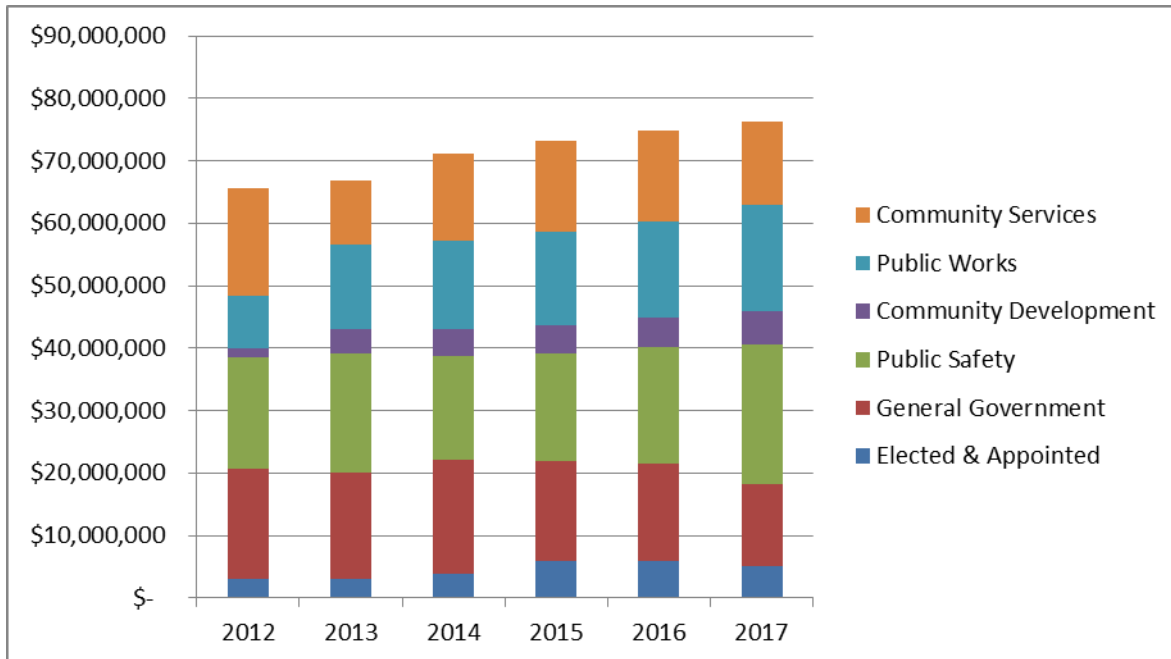
Expenditures

The distribution of General Fund expenditures is illustrated below.



CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

Elected & Appointed	\$ 5,143,748
General Government	13,184,454
Public Safety	22,191,736
Community Development	5,482,629
Public Works	17,001,706
Community Services	13,215,486
General Fund Expenditures	\$76,219,759

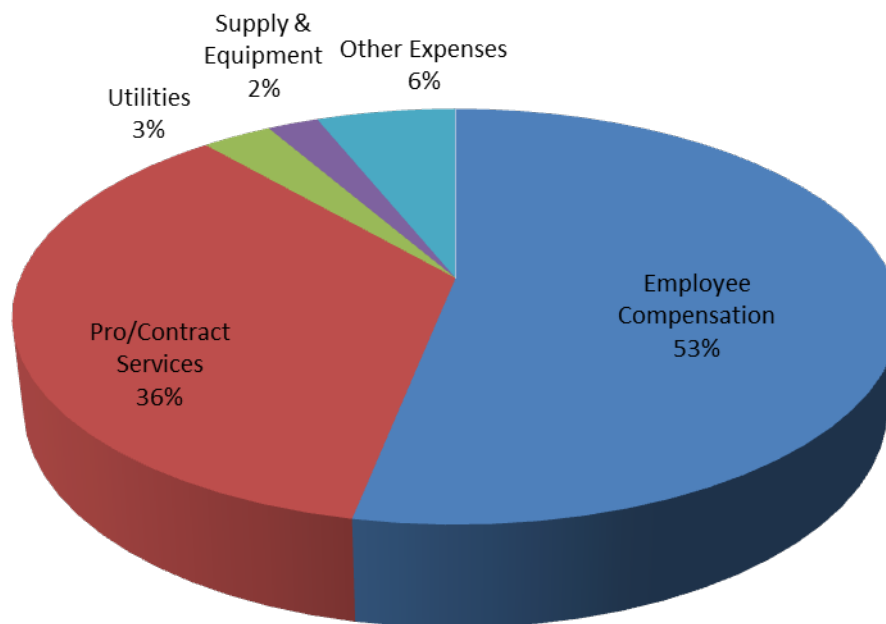


For FY16-17, decreases in the City Council, City Clerk, City Attorney and Finance budgets were used to offset the increase to Public Safety; primarily driven by rate increases from the Sheriff. Per unit rates increased by 3.7%; resulting in a cost increase of \$0.7 million. Contracting cities pay a percentage surcharge on services as a contribution to the Sheriff’s liability trust fund. That percentage surcharge increased from 6% to 9.5% for FY16-17; resulting in a cost increase of \$0.6 million. To partially offset total increases of \$1.3 million, the Sheriff was able to save \$0.5 million by re-allocating personnel.

The General Fund expenditure distribution by type is illustrated below.

Employee Compensation	\$ 40,481,915
Pro/Contract Services	27,082,503
Utilities	2,327,544
Supply & Equipment	1,694,545
Other Expenses	4,633,252
General Fund Expenditures	\$76,219,759

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17



Professional and contract services includes Sheriff service, county building & safety inspection and plan check, legal services, county animal control, building security, software support, transit service, county elections service, and audit services.

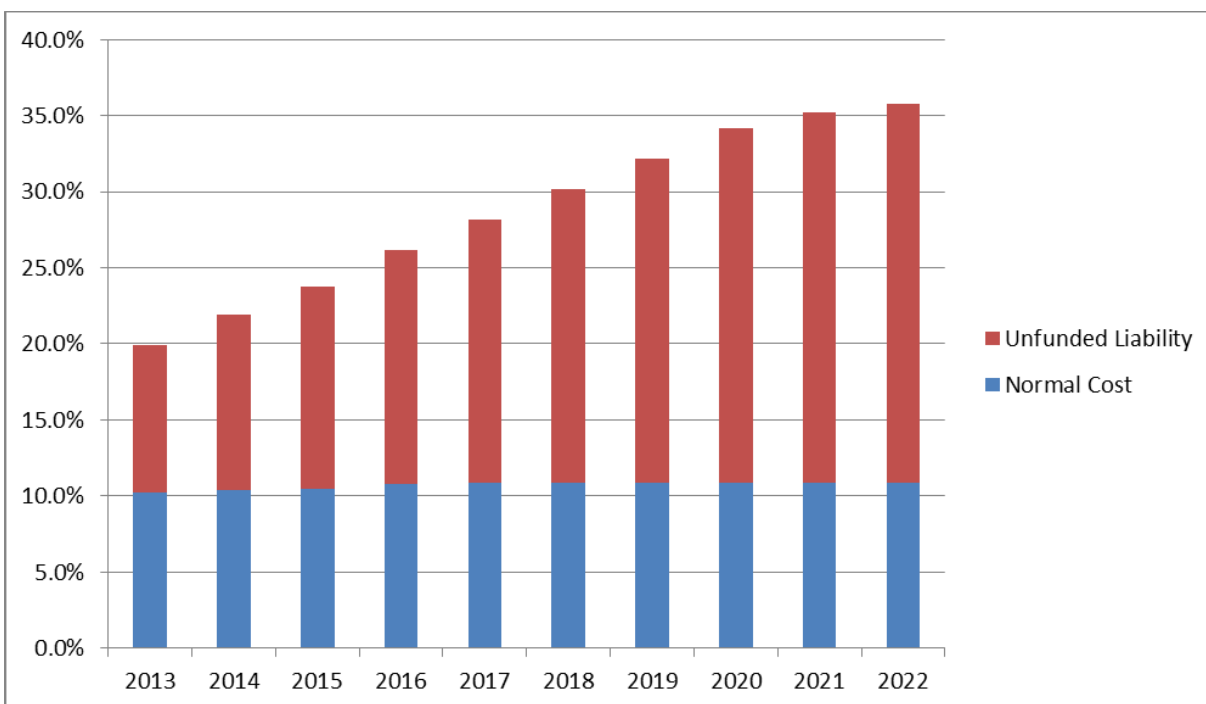
Future Challenges

The most significant cost challenge for the City's future is rehabilitation of public infrastructure. Due to limited and declining dedicated revenue, maintenance of streets, sidewalks, medians, and facilities has been deferred. A preliminary estimate of required funding for streets and sidewalks alone is \$6 million annually.

The City is required to implement the Dominguez Watershed Plan as part of a regional storm water permit issued by the Regional Water Board in 2012. The estimated cost of compliance is \$8 million annually; which remains unfunded.

As noted above, CalPERS has made changes to strengthen the pension system, requiring increased contributions from employers. By 2022, the City's employee pension contribution is expected to increase from \$7.1 million in FY16-17 to \$10.5 million annually; a 47.5% increase over 5 years. The following table illustrates actual historical and estimated future employer contribution rates as a percentage of payroll.

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17



Due to the aging workforce, retiree health insurance is expected to increase from \$1.9 million annually to \$3.7 million annually over the next 10 years.

These factors indicate the City will need to secure new ongoing revenue sources, and reconsider service levels to offset shortfalls in the future.

Staffing

In addition to governance, administration, and land use; many of the City’s services to its residents are delivered by City employees. Staffing and employee compensation summaries follow.

		Headcount	
City Council	5	City Council's Office	5
City Clerk & City Treasurer	2	City Clerk's Office	4
Total Elected Officials	7	City Treasurer's Office	4
Filled	274	City Manager's Office	6
Vacant	41	Public Information Office	4
Funded Full-Time Positions	315	Information Technology	8
General Fund	293	Public Safety	24
Other Funds	22	Human Resources	11
Subtotal Funded FT Positions	315	Finance	31
Unfunded positions	17	Community Development	27
Total Full-Time Positions	332	Public Works	128
		Community Services	63
		Funded Full-Time Positions	315

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

The City's organizational structure and service levels call for 331 full-time employees. Five percent or 17 full-time positions are not funded for FY16-17. Another 13% of full-time positions are funded, but were vacant at the time of budget adoption. Therefore, the City is operating with 18% less staffing than the amount identified to provide service under the current structure. Long-term projects are deferred and exempt employees work long hours. The City Council is considering a proposal for staff reorganization that may help. A proposal to replace the City's antiquated software systems with an Enterprise Resource Planning system will be presented to City Council during FY16-17. If the City changes its business practices with implementation of the new system, efficiencies will likely cure some of the staffing shortage over the long-term. However, initial change and implementation will be challenging.

The list of 17 unfunded positions follows. These positions are subject to a hiring freeze, which means the positions will not be filled unless additional funding is identified. The 17 unfunded positions have a total estimated cost of \$1.8 million.

Unfunded Positions

Department	Classification	Department	Classification
City Council	Field Deputy	Community Development	Administrative Secretary
City Council	Field Deputy	Community Development	Associate Planner
Information Technology	Computer Systems Support Technician	Community Development	Redevelopment Manager
Public Safety	Code Compliance Officer	Public Works	Assistant Maintenance Worker
Public Safety	Youth Services Officer	Public Works	Assistant Maintenance Worker
Public Safety	Youth Services Officer	Public Works	Heavy Equipment Operator
Public Safety	Emergency Preparedness Analyst	Public Works	Custodian
Finance	Administrative Secretary	Public Works	Senior Tree Trimmer
		Community Services	Typist Clerk

Funding

	Salary	Overtime	Benefits	Total Comp
City Council	\$ 105,409	\$ -	\$ 86,284	\$ 191,693
City Clerk & City Treasurer	245,814	-	126,394	372,208
Full-Time	21,993,507	255,620	10,970,470	33,219,597
Part-Time	4,934,633	-	751,435	5,686,068
Subtotal General Fund	\$ 27,279,363	\$ 255,620	\$ 11,934,583	\$ 39,469,566
Full-Time	\$ 1,933,604	\$ 5,852	\$ 886,633	\$ 2,826,089
Part-Time	36,400	-	16,166	52,566
Subtotal Other Funds	\$ 1,970,004	\$ 5,852	\$ 902,799	\$ 2,878,655
Grand Totals	\$ 29,249,367	\$ 261,472	\$ 12,837,382	\$ 42,348,221

The General Fund pays for 93% of the City's employee compensation; and 7% is allocated to other restricted funds. Overtime compensation paid to non-exempt employees is very low, at only 1.1% of full-time wages. The FY16-17 budget includes the increased contribution for employee pensions, an assumed increase to the cost of health insurance, and employee

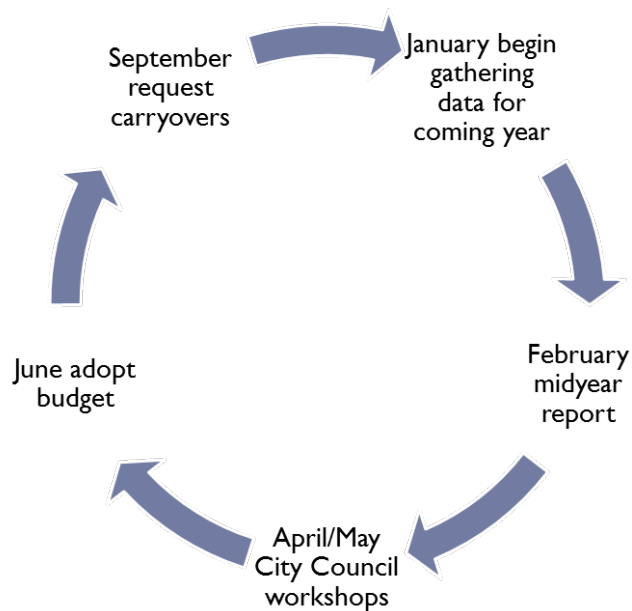
CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

advancement within the step system; but does not include cost of living increases for employees.

Full-time employee benefits include pension, health insurance, and Medicare tax. The City's employees do not participate in Social Security. The average full-time employee ratio of benefits to wages is 49%. The City employs approximately 400 part-time staff. Of those, only 128 are enrolled in the employee pension plan; and only 17 receive some portion of health insurance benefits. The average part-time employee benefit ratio is 15%.

Budget Cycle & Control

The City's fiscal year runs from July 1st to June 30th. The budget process typically begins in January, with the goal of the City Council adopting the upcoming fiscal year budget by June.



Staff recently began preparing a five-year model to predict mid-term outcomes of the current budget structure and known future events. The five-year model will be updated annually. The results of the 2016 Model follow.

- The deficit General Fund budget structure was echoed in years 2-5 of the Model, eroding away the fund balance to an estimated \$7.3 million; which is below the City Council's policy Reserve for Economic Uncertainties of \$15 million (increasing to \$17 million by 2021, based on 20% of annual expenditures).
- The City is not well situated to withstand another recession without significant cuts to service and/or new revenue sources.
- The Capital Improvement Program is not adequately funded, as discussed above.

CITY OF CARSON BUDGET NARRATIVE – FISCAL YEAR 2016-17

- The Gas Tax fund has an accumulated balance to cover the decreasing revenue source in the near term; however, beginning in FY17-18, the annual slurry seal expenditure will need to decrease from \$300,000 annually to \$120,000 annually to avoid deficit spending. The funded slurry seal expenditure is a small fraction of the cost to maintain 19.2 square miles of streets.

An annual Midyear Financial Report is prepared and submitted to City Council, identifying significant actual or expected departures from the current year budget with recommendations for adjustment.

During the 2016 budget process, the City Council adopted Ordinance No. 16-1591; an ordinance of the City of Carson, California, amending sections 2953 through 2956 and adding Section 2955.1 of Chapter 9.5 of Article II of the Carson Municipal Code, relating to the City's Fiscal Administration. The ordinance set the legal level of budgetary control as follows.

- The City Council's approval of budget amendments is via resolution (vs. minute-order).
- Budget transfers of up to \$25,000 within the same department may be approved by the City Manager. All other budget transfers must be approved by the City Council.
- Budgetary control is at the department level. In other words, Staff is not authorized to spend more than the total appropriated for each department and fund without City Council authorization.

Additional Information

Additional information about the City's finances may be found on the City's website.

- City Council agendas for the 2016 budget process: April 4, 2016, May 16, 2016, June 13, 2016, and June 21, 2016.
- Comprehensive Annual Financial Reports, which include the audited financial statements, can be found on the Finance Department webpage.
- This budget document, a budget-in-brief document, and previous budget documents can be found on the Finance Department webpage.
- Monthly General Fund expenditure reports can be found with the Utility User Tax Oversight Committee agendas.
- Monthly Treasurer's reports can be found on the City Treasurer's webpage.

Residents and interested parties may also contact the Finance Director by email at kdowns@carson.ca.us with questions or a request for an appointment.

Capital Improvement Program

The purpose of the Capital Improvement Program (CIP) is to provide for orderly and systematic financing and implementation of public improvements. The importance of the CIP lies in its ability to clearly identify, prioritize, fund and pace major projects. CIP projects require substantial lead-time for activities that precede actual construction including facility assessments, community input, securing funding, planning and design. The CIP is a five-year plan, but a budget is adopted one year at a time. The FY16-17 CIP budget is summarized below.

Fund	Fund Name	Project No.	Project Name	Amount
12	Gas Tax	1413-1	Annual Slurry Seal Maintenance	\$ 300,000
15	CDBG	1520-1	ADA Improvements	150,000
16	Park Development	1525	Scott Park Pool	300,000
17	Bicycle Pathway TDA Article 3	1411-1	Concrete Replacement Program	50,000
18	Proposition A	1505-1	Upgrade Street Signs	30,000
19	Proposition C	1393-1	Annual Pavement Overlay	90,000
20	Federal Highway Planning	1451	Bike Lanes Phase I	1,041,033
20	Federal Highway Planning	1452	Bike Lanes Phase II	938,300
22	LA County Park District	1405	Dominguez Park Restrooms	110,000
38	Capital Asset Replacement	1524	Corporate Yard Generator	75,000
54	Measure R	1492	Carson/405 Freeway Interchange	500,000
54	Measure R	1493	Avalon/405 Freeway Interchange	500,000
86	CIP Grant Funds - State	1515	Carriage Crest Park Storm Water	13,000,000
Total Funded from FY16-17 Budget				\$ 17,084,333
Estimate of Project Carryovers from FY15-16				22,483,873
Total Expected Program FY16-17				\$ 39,568,206

Due to timing of construction, it is normal to carryover incomplete projects from one fiscal year to another. Quantified projects have estimated costs totaling \$47,320,405; however, only \$39,568,206 of funding has been identified between FY15-16 and FY16-17. Quantified projects with estimated costs totaling \$7,752,199 remain unfunded.

The City is completing two infrastructure studies for street and sidewalk maintenance. Due to deferred maintenance and the lack of consistent funding, Staff conservatively estimates the City will require approximately \$6 million annually to pave streets and repair sidewalks. The City is located in proximity to the twin ports of Los Angeles and Long Beach, with port operations generating significant truck traffic on Carson's streets. No significant funding has been identified for necessary ongoing repairs.

The City has significant deferred maintenance of medians, and is missing over 900 street trees. Park and landscape maintenance programs have continued to suffer under the budget deficits. This includes significant deterioration of play fields, picnic shelters, and other park facilities. The City spreads its thin resources in an attempt to maintain street landscaping, City Hall and Community Center grounds, four aquatic centers, three fitness centers, three gymnasiums, a boxing center, stroke center, an early childhood daycare center, a 40,000 square foot community center, and 123 acres of parks that include

12 community parks and four mini/neighborhood parks. Only a tiny fraction of necessary funding has been identified for rehabilitation of these facilities.

The City is regulated under a storm water permit issued by the Los Angeles Regional Water Quality Control Board. The City is participating in the Dominguez Channel Enhanced Watershed Management Plan under the requirement of this permit. Estimated costs to implement the permit over the next 20 years exceed \$235 million. The City has no dedicated funding source to comply; however, the City was able to secure \$13 million of funding from Caltrans to construct one storm water capture facility (see Carriage Crest Park Storm Water project below).

FY16-17 FUNDED PROJECT DESCRIPTIONS

Staff estimates projects totaling \$22,483,873 million will be carried forward from FY15-16 to FY16-17. Those projects are not described here.

Annual Slurry Seal Maintenance – Application of rubberized slurry seal to extend the life of roadway pavement, which significantly reduces the cost of overlaying the roadway. The recommended level of effort for FY16-17 was \$1,500,000; however, only \$300,000 of funding was identified.

ADA Improvements – Various small improvements will be constructed to improve the City’s compliance with requirements of the Americans with Disabilities Act. Improvements typically include disabled access facilities. The recommended level of effort for FY16-17 was \$750,000; however, only \$150,000 of funding was identified.

Scott Park Pool – This project will rehabilitate and upgrade the public pool facility at Scott Park.

Concrete Replacement Program – Repair of broken and damaged concrete citywide, including curb and gutter, sidewalks, driveway approaches, access ramps and cross gutters. The repairs are expected to reduce trip hazards and provide improved pedestrian access. The recommended level of effort for FY16-17 was \$500,000; however, only \$50,000 of funding was identified.

Upgrade Street Signs – Existing street signs are aged and out of compliance with federal and state regulations. Replacements will improve visibility and safety. FY16-17 is the first year of a five-year program.

Annual Pavement Overlay – The project will significantly reduce the cost of complete pavement reconstruction. First, existing asphalt will be ground up to allow for a new layer of asphalt. Next, areas requiring reconstruction will be removed and replaced. Finally, two inches of rubberized asphalt will be placed on the roadway surface. The recommended level of effort for FY16-17 was \$750,000; however, only \$90,000 of funding was identified.

Bike Lanes Phase I & II – Design and install bike lanes along the following arterial roadways.

- Figueroa Street from City’s northern border to its southern border.
- Main Street from City’s northern border to its southern border.
- Victoria Street from Figueroa Street to City’s eastern border.
- Carson Street from Interstate 405 to City’s eastern border.
- University Drive from Avalon Blvd to Wilmington Ave.
- Avalon Blvd from Victoria Street to City’s southern border.

- Central Avenue from City's northern border to Del Amo Blvd.
- Del Amo Blvd from City's eastern border to its western border.
- 223rd Street from City's eastern border to Lucerne Street.

Dominguez Park Restrooms – Upgrade the men's and women's restroom in the main building. Improvements will include flooring, fixtures, partitions, and painting.

Corporate Yard Generator – A mobile generator will be acquired for use at the Corporate Yard, and to provide back-up emergency power to other City facilities.

Carson & Avalon Interchanges at Interstate 405 – Landscape and hardscape enhancements to each freeway interchange will be constructed for a combined \$1 million project.

Carriage Crest Park Storm Water – Carriage Crest Park was identified as a high priority site for regional storm water capture due to its proximity to 2 large storm drains with a total drainage area of 1,118 acres. The area discharges to Machado Lake via the Wilmington Drain. The proposed facility would capture water in an offline cistern below the ball field at Carriage Crest Park; then treated for irrigation use at the park, or transferred to a nearby water pollution control plant to reduce transport of pollutants downstream to Machado Lake.

Fund Name	No.	Estimated	Estimated	Appropriated	Approved	Approved	Net	Estimated
		Balance	Revenue	Expenditures	Transfers	Transfers	Activity	Balance
		7/1/2016			In	Out		6/30/2017
General Fund	01	24,399,914	74,572,223	76,219,758	20,301	151,115	(1,778,349)	22,621,565
Asset Forfeiture	03	76	1	-	-	-	1	77
Beverage Container Recycling	04	4,312	24,630	17,876	-	9,840	(3,086)	1,226
Dept of Justice Federal Grants	08	-	-	-	-	-	-	-
State Public Safety Grants	09	39,895	160,572	200,000	-	-	(39,428)	467
Family Support Grant	10	5,188	55,274	55,566	-	-	(292)	4,896
State Gas Tax	12	501,968	1,912,815	2,077,064	-	-	(164,249)	337,719
Home Federal Grant	14	-	-	-	-	-	-	-
CDBG	15	238,945	2,126,207	2,183,861	-	-	(57,654)	181,291
Park Development	16	314,502	4,506	300,000	-	-	(295,494)	19,008
Bicycle Pathway TDA Article 3	17	-	60,645	50,000	-	-	10,645	10,645
Proposition A	18	158,255	2,101,853	2,069,965	-	-	31,888	190,143
Proposition C	19	563,783	1,511,828	1,616,495	-	-	(104,667)	459,116
Federal Highway Planning	20	-	1,979,333	1,979,333	-	-	-	-
LA County Park District	22	131,503	1,884	110,000	-	-	(108,116)	23,387
Oil Payment Program	24	53	25,638	15,229	-	10,461	(52)	1
Air Quality	25	123,798	116,774	240,487	-	-	(123,713)	85
State Local Transportation	28	-	150,000	-	-	-	150,000	150,000
Capital Asset Replacement	38	1,009,234	14,461	75,000	-	-	(60,539)	948,695
Special Events	44	58,072	35,882	193,602	151,115	-	(6,605)	51,467
Building Plan Retention Fees	45	200,591	9,874	200,000	-	-	(190,126)	10,465
Load Shed Program	46	158,613	49,773	47,500	-	-	2,273	160,886
Public Ed/Gov Broadcasting	47	371,031	120,317	97,865	-	-	22,452	393,483
Raised Median Fees	48	233,114	3,340	-	-	-	3,340	236,454
Utility Undergrounding Fees	49	535,950	7,680	-	-	-	7,680	543,630
Federal Grant - MTA	53	-	-	-	-	-	-	-
Measure R	54	4,339	1,061,805	1,066,144	-	-	(4,339)	-
Neighborhood Stabilization	57	167,078	2,394	45,502	-	-	(43,108)	123,970
Workforce Investment Act	58	99	627,155	626,886	-	-	269	368
Restricted Admin Tow Fee	62	56,907	56,957	82,600	-	-	(25,643)	31,264
Youth Services	65	30,262	434	-	-	-	434	30,696
Prop 1B SLR	66	-	-	-	-	-	-	-
Cooperative Agreement	84	15,818,081	226,657	190,717	-	-	35,940	15,854,021
CIP Grant Funds - State	86	28	13,535,000	13,535,000	-	-	-	28
MTA Call for Projects	87	97,266	1,394	-	-	-	1,394	98,660
Total City		45,222,857	100,557,306	103,296,450	171,416	171,416	(2,739,144)	42,483,713
Housing Authority	55	24,247,106	1,307,037	15,746,999	233,844	-	(14,206,118)	10,040,988
Successor Agency	82	2,668,936	38,243	-	-	-	38,243	2,707,179
Successor Agency	83	27,394,781	24,727,021	27,099,152	-	233,844	(2,605,975)	24,788,806
Reclamation Authority	78	53,359,665	332,084	7,746,502	-	-	(7,414,418)	45,945,247
Total Component Units		107,670,488	26,404,385	50,592,653	233,844	233,844	(24,188,268)	83,482,220

RESOLUTION NO. 16-081

**A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL
ADOPTING THE FISCAL YEAR 2016-17 BUDGET IN THE GENERAL
FUND AND SPECIAL REVENUE FUNDS**

WHEREAS, the City Manager and Staff have prepared and submitted to the City Council the proposed budget for Fiscal Year 2016-17 (FY16-17), which commences on July 1, 2016 and ends on June 30, 2017; and

WHEREAS, on April 4, 2016, May 16, 2016, and June 13, 2016, the City Council conducted budget workshops to provide an opportunity to the public to comment on the proposed budget for FY16-17; and

WHEREAS, pursuant to Carson Municipal Code Section 2952, the City Council held a duly noticed public hearing on June 21, 2016 to consider adopting the budget for FY16-17; and

WHEREAS, a copy of the proposed FY16-17 budget has been available for inspection by the public in the City Clerk's Office and on the City's website at least 10 days prior to the public hearing; and

WHEREAS, the City Council has reviewed the proposed FY16-17 budget; and

WHEREAS, the City Council has determined it necessary for efficient management of the City to appropriate certain sums in various departments for various activities of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON DOES HEREBY RESOLVE, FIND, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. The General Fund budget and Special Revenue Funds budget for the City of Carson beginning July 1, 2016 and ending June 30, 2017 is hereby adopted. Said budget being the proposed budget as reviewed and amended by the City Council, a copy of which is on file in the City Clerk's Office.

Section 2. The funds are hereby appropriated to the respective accounts for expenditure in FY16-17, as set forth in the proposed and amended budget.

Section 3. The following sums of money are hereby appropriated to the following departments of the City for expenditure during FY16-17.

[MORE]

GENERAL FUND

City Council	\$994,803
City Clerk	\$998,947
City Treasurer	\$754,998
City Attorney	\$2,395,000
City Manager	\$4,147,946
Public Safety	\$22,191,736
Human Resources	\$2,608,520
Finance	\$3,992,136
Community Development	\$5,482,629
Public Works	\$17,001,706
Community Services	\$13,215,486
Non-Departmental	<u>\$2,435,851</u>
GENERAL FUND EXPENDITURE TOTAL	\$76,219,758
GENERAL FUND TRANSFER TO SPECIAL EVENTS FUND	\$151,115

SPECIAL REVENUE FUNDS

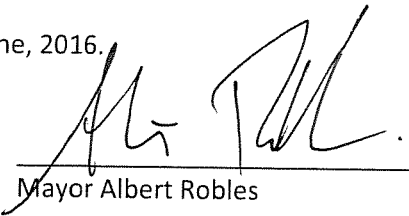
Beverage Container Recycling	\$17,876
State Public Safety Grants	\$200,000
Family Support Grant	\$55,566
State Gas Tax	\$2,077,064
CDBG	\$2,183,861
Park Development	\$300,000
Bicycle Pathway TDA Article 3	\$50,000
Proposition A	\$2,069,965
Proposition C	\$1,616,495
Federal Highway Planning	\$1,979,333
LA County Park District	\$110,000
Oil Payment Program	\$15,229
Air Quality	\$240,487
Capital Asset Replacement	\$75,000
Special Events	\$193,602
Building Plan Retention Fees	\$200,000
Load Shed Program	\$47,500
Public Ed/Gov Broadcasting	\$97,865
Measure R	\$1,066,144
Neighborhood Stabilization	\$45,502
Workforce Investment Act	\$626,886
Restricted Admin Tow Fee	\$82,600
Cooperative Agreement	\$190,717
CIP Grant Funds - State	\$13,535,000

BEVERAGE CONTAINER RECYCLING FUND TRANSFER TO GENERAL FUND	\$9,840
OIL PAYMENT PROGRAM FUND TRANSFER TO GENERAL FUND	\$10,461

Section 4. The City Manager is hereby instructed to have copies of the adopted budget on file with the City Clerk's Office, a copy of the adopted budget posted to the City's website, and electronic copies of the adopted budget distributed to all departments, officials, and interested parties, as soon as convenient.

Section 5. The City Clerk shall certify to the adoption of this resolution and shall keep a copy of this resolution attached to the FY16-17 budget on file, and effective as of July 1, 2016, the same shall be in force and effect.

PASSED, APPROVED, AND ADOPTED this 21st day of June, 2016.



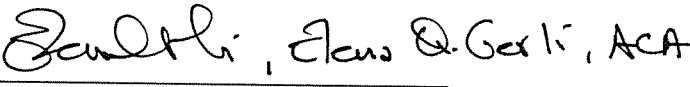
Mayor Albert Robles

ATTEST:



City Clerk Donesia Gause

APPROVED AS TO FORM:




City Attorney

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF CARSON)

I, Donesia L. Gause, City Clerk of the City of Carson, California, hereby attest to and certify that the foregoing resolution, being Resolution No. 16-081, adopted by the Carson City Council at its meeting held on the 21st day of June, 2016, by the following vote:

AYES:	COUNCIL MEMBERS:	Mayor Robles, Davis-Holmes, Santarina, Hilton, and Hicks
NOES:	COUNCIL MEMBERS:	None
ABSTAIN:	COUNCIL MEMBERS:	None
ABSENT:	COUNCIL MEMBERS:	None



Donesia L. Gause, CMC